MULTIMEDIA UNIVERSITY

STUDENT ID NO

MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 1, 2019/2020

DFA5014 – FINANCIAL ACCOUNTING 1

(All Sections / Groups)

12 OCTOBER 2019
2.30 p.m. to 5.30 p.m.
(3 Hours)

INSTRUCTIONS TO STUDENT

1. This Question paper consists of 7 pages with 4 Questions.
2. Attempt **ALL** questions. The distribution of the marks for each question is given.
3. Please write all your answers in the Answer Booklet provided.

QUESTION 1

Part A

The Flexi Sport Centre is owned by Alex. All facilities in sport centre were completed in December 2018.

On 1 January 2019, the ledger showed the following balance; Cash RM5,000, Account Receivable RM2,000, Inventory RM4,500, Sport Equipment RM9,000, Accounts Payable RM2,500, Notes Payable RM8,000, and Owner's Capital RM10,000. During January, the following events and transactions occurred.

Jan	1	Alex invested additional RM20,000 of his own money into the company.
	4	Paid rentals for sport centre of RM2,000.
	7	Interviewed 3 potential managers for Flexi Sport Centre at salary of RM3,000 each.
	13	Purchased new sport equipment costing RM7,600 for RM3,000 cash and the remainder on credit.
	18	Received a water and electricity bills from Syarikat Air and TNB with total of RM900.
	20	Received RM8,000 cash from TM Club for the Badminton Tournaments that will be held in March 2019.
	23	Made payment of 50% on accounts payable due in last month and settle three quarter (3/4) of the notes payable.
	25	Completed handling badminton tournaments for 12 teams from IPK Sport Club and received RM500 cash for each team for entrance fees.
	27	Received 65% cash from customers on the balance of account receivable.
	28	Paid salaries for three workers at RM1,500 each, and advertising expenses RM600.
	30	Received a total of RM6,800 cash for rental fees from walk-in customers who used badminton court in January 2019.

Required

(a) Journalize the January transactions for Flexi Sport Centre. Show all your workings. (12 marks)

(b) Explain the different between Account Payable and Notes Payable. (2 marks)

Continued...

Part B

Malaysian Accounting Standards Board (MASB) issued a revised FRS 101 Presentation of Financial Statements to guide accounting practitioners in the preparation and presentation of financial statements.

(a) In accordance to FRS 101, what are the **FIVE (5)** necessary components of Financial Statement?

(2.5 marks)

(b) Identifies **FIVE (5)** elements of accounting equation that need to be recorded in the both Statement of Profit or loss and the Statement of Financial Position

(2.5 marks)

Part C

The following terms related to the fundamental qualities of useful information.

(a)	Feedback value	(e)	Faithful representation
(b)	Neutrality	(f)	Timeliness
(c)	Predictive value	(g)	Verifiable
(d)	Relevant	(h)	Periodicity

1. Helps users make predictions about ultimate outcome of past, present and future events
2. Accounting information that is truthful and unbiased toward one position or another.
3. Providing information before users loses its capacity to influence by their decision.
4. Independent users can obtain the same results when given the same information and using the same measurement methods reported.
5. Providing information that is capable in making a difference in a business decision.
6. Provide information that honestly represents what really happened.

Required

Identify the appropriate term used to match with the above descriptive statement.

(6 marks)

[TOTAL 25 MARKS]

Continued...

QUESTION 2

James Company established in January 2019 which provide property maintenance services to its customers. Below is the trial balance for the James Company for the month of 31 May 2019.

James Company Trial Balance As at 31 May 2019		
Accounts	Debit (RM)	Credit (RM)
Cash	20,050	
Accounts Receivable	11,600	
Supplies	13,900	
Equipment	36,690	
Accounts Payable		9,430
Owner's Capital		68,000
Owner's Drawing	4,000	
Service revenue		21,390
Salaries Expense	7,580	
Insurance Expense	5,000	
	98,820	**98,820**

James Company encounters the following situations at the end of May 2019:

1. James Company noticed that the utility expense RM350 has not been paid in May 2019.
2. The company received RM8,000 cash for maintenance services to be performed in July 2019.
3. James paid rent for June until September 2019 at RM1,800 per month.
4. Performed maintenance services for a client in May 2019 and billed the client RM4,800.
5. Purchased new motor vehicle costing RM34,000 for 30% by cash and the remainder on signing a 10% three-year note payable.
6. Received RM2,500 from a customer for services previously perform on accounts.
7. James Company noticed that only RM6,300 of supplies remain on hand.
8. Depreciation for equipment is RM580 per month.
9. RM2,200 of salaries for James's employees for April still not been paid.
10. James and team had performed services RM6,700 for customers and received only RM1,700 cash and remaining on credit.

Continued...

Required

(a) Identify the type of adjusting entry (prepaid expense, unearned revenue, accrued expense, accrued revenue) is needed in each situation, at 31 May 2019. (5 marks)

(b) Prepare the adjusting entries for the month of 31 May 2019. (10 marks)

(c) Prepare the Adjusted Trial Balance as at 31 May 2019. (10 marks)

[TOTAL 25 MARKS]

QUESTION 3

Part A

Given below are the balances of accounts taken from the management accounts of Quick Servicing Company for the year ended 31 April 2019.

Motor Vehicle	RM150,000	Fuel Expenses	RM1,200
Office Equipment	18,000	Sundry Expenses	2,300
Cash	20,500	Advertising Expenses	5,000
Prepaid Insurance	6,000	Utility Expenses	1,700
Cleaning Fee	96,000	Supplies Expenses	6,000
Maintenance Fee	33,000	Maintenance Expenses	2,500
Salaries Expenses	21,000		

Additional information:

i. The total drawing balance as at 30 April 2019 is RM1,600
ii. Balance brought forward on Owner's Capital from 1 April 2019 was RM100,000 and there is no additional investment during the year.
iii. The balance of amount owing to supplier is RM10,100 and amount owing from customers is RM3,300.

Required

(a) Prepare the closing entries for 30 April 2019. (7.5 marks)

(b) Post the closing entries in (a) into the following ledgers:
   i. Income Summary. (5 marks)
   ii. Owner's Capital. (2 marks)

(c) Prepare the classified Statement of Financial Position using the above financial information given for 30 April 2019. (5.5 marks)

Continued...

Part B

Financial Reporting Standard (FRS) provide a guideline for preparation of financial statements.

(a) Briefly explain in details any **THREE (3)** underlying assumptions applied in Financial Reporting Standard (FRS).

(3 marks)

(b) Provide **FOUR (4)** example of internal user of financial statements. (2 marks)

[TOTAL 25 MARKS]

QUESTION 4

Part A

Ainul Optical Company maintains a petty cash fund for their small expenditures. On 1 October 2019, The company establishes an imprest petty cash fund by issuing a cheque of RM550 to Lilian, the custodian of the petty cash fund.

On 31 October 2019, Lilian submitted the following paid petty cash receipts for replenishment of the petty cash fund when there is RM36 cash in the fund:

Item	Amount (RM)
Freight-In	75
Office Supplies	96
Travel Expense	165
Postage Expense	32
Entertainment expense	120
Padlock for warehouse	30

Required

Prepare the journal entries required to record the establishment of petty cash fund on 1 October and on 31 October to record the replenishment of the fund and to increase of petty cash fund to RM700.

(7 marks)

Continued...

Part B

The cash balance per books for Potter Company on 31 May 2019 is RM8,637. The following Cheques and receipts were recorded for the month of May, 2019:

Cash Payment		Cash Receipts Journal	
No	Amount (RM)	Date	Amount (RM)
27	372	10/5/2019	843
28	770	21/5/2019	941
29	257	27/5/2019	880
30	578	30/5/2019	976
31	234		
32	578		
33	1,786		
34	921		
35	246		

In addition, the bank statement for the month of May is presented below and the cash balance per the bank statement was RM11,528

Bank Statement						
Cheques and other debits					Deposits and credit	
No	Amount (RM)	No	Amount (RM)		Date	Amount (RM)
24	148	32	578		1/5/2019	5484
27	372	34	921		8/5/2019	843
28	707	35	246		23/5/2019	941
29	257	31	20	SC	29/5/2019	880
31	234	31	140	NSF	31/5/2019	1,600 CM

Symbols: NSF (Not sufficient funds) SC (Service charge) CM (Credit Memo)

Cheque No. 28 was correctly written for RM707 for a payment on account. The NSF cheque was from Latisha, a customer, in settlement of an accounts receivable. An entry had not been made for the NSF cheque.

Required

(a) Prepare a Bank Reconciliation Statement at 31 May 2019. (7 marks)

(b) Prepare the adjusting journal entries required by the bank reconciliation. (3 marks)

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Part C

Listed below are seven errors or problems, which might occur in the processing of cash transactions.

1. An employee steals the cash collected from a customer for an account receivable and conceals this theft by issuing a credit memorandum indicating that the customer returned the merchandise.
2. A small fire destroys 3 days of cash receipts.
3. The official designated to sign cheque is able to steal blank cheque and issue them without fear of detection.
4. A sales clerk in serving customers often rings up a sale for less than the actual amount and then keeps the additional cash collected from the customer.
5. Three cashiers use one cash register drawer and the cash in the drawer is often short of the balance kept on hand.
6. Each cashier counts his own register drawer each day and verbally reports the results to the supervisor.
7. Cashiers with over 5 years' experience are not bonded.
8. Some cash payments are not recorded because cheque are not prenumbered.

Required

Evaluate each possible error and identifies a principle of internal control applies that would reduce the probability of the error occurring. If you think more than one principle is appropriate, list all principles that apply.

(8 marks)

[TOTAL 25 MARKS]

End of Paper